

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

ULTIMATEPOINTER, LLC,

Plaintiff,

v.

NINTENDO CO., LTD., and NINTENDO
OF AMERICA, INC.,

Defendants.

Case No. C14-0865RSL

ORDER GRANTING IN PART
DEFENDANTS' MOTION FOR
ATTORNEY'S FEES

This matter comes before the Court on "Defendant Nintendo's Motion for Fees." Dkt. # 606.¹ Nintendo seeks an award of \$7,406,362.99 under the inherent powers of the Court and/or the statutory authorization provided in 35 U.S.C. § 285.² Having reviewed the memoranda, declarations, and exhibits submitted by the parties,³ the Court finds as follows:

Despite the "American Rule" against fee-shifting, courts retain the inherent power to award fees to the prevailing party upon a showing of "willful disobedience of a court order" or actions taken "in bad faith, vexatiously, wantonly, or for oppressive reasons." Alyeska Pipeline Serv. Co. v. Wilderness Society, 421 U.S. 240, 258-59 (1975). In addition, 35 U.S.C.

¹ An unredacted sealed version of the motion is found at Dkt. # 607.

² The Court has not considered defendants' one-sentence request for sanctions under 28 U.S.C. § 1927. Dkt. # 606 at 4 n.4.

³ This matter can be decided on the papers submitted. Defendants' request for oral argument is DENIED.

§ 285 states that “[t]he court in exceptional cases may award reasonable attorney fees to the prevailing party.” The Supreme Court defines an “exceptional case” as “one that stands out from others with respect to the substantive strength of a party’s litigating position (considering both the governing law and the facts of the case) or the unreasonable manner in which the case was litigated.” Octane Fitness, LLC v. ICON Health & Fitness, Inc., __ U.S. __, 134 S. Ct. 1749, 1756 (2014). The statute is inherently flexible, and district courts are to evaluate the totality of the circumstances and exercise their equitable discretion after considering factors such as frivolousness, motivation, objective unreasonableness, and/or the need to compensate or deter parties. Id. (citing Fogerty v. Fantasy, Inc., 510 U.S. 517, 534 (1994)). Although it rejected the more rigid analysis applied by the Federal Circuit, the Supreme Court reiterated that the type of equitable circumstances that would warrant a fee award under § 285 would remain relatively “rare.” Octane Fitness, 134 S. Ct. 1753, 1756-57.

Defendants argue that fees are appropriate under both the inherent powers and § 285 because plaintiff (a) improperly joined parties and claims in an effort to manipulate venue, (b) failed to adequately analyze most of the accused products and provided opaque infringement contentions, and (c) pursued the action in bad faith following construction of certain claim terms on May 28, 2013. Defendants have not shown that plaintiff’s choices regarding venue or its failure to voluntarily dismiss this action after May 28, 2013, violated a court order, were in bad faith, or are otherwise “exceptional.” Venue was proper in Texas, and plaintiff’s claims against the various defendants were not meritless. The fact that plaintiff voluntarily dismissed many of the defendants after discovering that their market share and/or sales did not justify further litigation does not necessarily mean that the claims were brought in bad faith or are otherwise sanctionable. With regards to the impact of the May 28, 2013, claim construction, defendants use hindsight to argue that plaintiff should have realized that it would be unable to prove infringement and immediately dismissed the case. Defendants offer no case law or other authority that imposes on a litigant an affirmative duty to abandon a claim, thereby waiving all

1 right to appeal, simply because the court issued an interlocutory order that put victory out of
2 reach. Nor have defendants shown that the court's construction of "direct pointing" and "image
3 sensor" was clearly dispositive at the time. If that were the case, one would expect defendants to
4 promptly move for summary judgment. They did not, instead raising various challenges to
5 plaintiff's infringement contentions, seeking construction of additional terms, battling over
6 venue, and pursuing discovery for another year or so. The summary judgment motion that
7 ultimately resolved plaintiff's infringement claims was not filed until September 4, 2014, three
8 months after the litigation was transferred to the Western District of Washington. Litigating an
9 infringement action to final judgment despite diminishing odds is not exceptional and does not
10 establish bad faith.

11 The Court is, however, concerned with the adequacy of counsel's pre-litigation
12 analysis of most of the accused products and plaintiff's subsequent inability to articulate
13 infringement contentions regarding those products. Dkt. # 269 at 4-6. Plaintiff served its
14 original infringement contentions on June 8, 2012, identifying 1,912 Wii games. At the time,
15 plaintiff had acquired only 203 of the games, but deemed the other 1,700+ games substantially
16 similar to the games in its possession. Plaintiff was incorrect as a matter of both fact and law.
17 As a factual matter, some of the accused products were significantly different from the acquired
18 games: certain games had never been released to the market and others were used with older
19 game systems that were incompatible with the pointing features of the Wii remote. As a legal
20 matter, the presiding judge determined that the contentions were deficient in that they were not
21 precise and detailed enough to provide defendants with adequate notice of the plaintiff's theories
22 of infringement. Dkt. # 269 at 5. Rather than amend the infringement contentions regarding the
23 products that were not in its possession, plaintiff abandoned those claims on or about June 14,
24 2013.

25 In short, plaintiff had no basis for its assumption that all of the accused games
26 were substantially similar and therefore subject to the same infringement analysis. The Court

1 finds that the unnecessary and unsupported addition of over 1,700 accused products with no
2 attempt to substantiate the accusations was in bad faith, vexatious, wanton, and, in the absence
3 of any reasonable justification for the expansion, deemed to be for oppressive reasons. Even in
4 the high-stakes, high-cost context of patent litigation, this gratuitous addition of products was
5 exceptional: it stands out from other cases because of the substantive weakness of plaintiff's
6 litigating position and the unreasonable and unnecessary burdens the expansion imposed on this
7 litigation.⁴

8 The question, then, is what portion of counsels' fees is attributable to the presence
9 of those 1,700+ products in this action between June 8, 2012, and June 14, 2013. Defendants
10 seek \$334,127.50 in fees for all work related to the perceived deficiencies in plaintiff's
11 infringement contentions. Decl. of Mark C. Nelson (Dkt. # 608), Ex. 16. However, that amount
12 includes fees that were generated after plaintiff had abandoned its claims against the 1,700+
13 products and/or which were related to accused products that plaintiff actually had in its
14 possession. A review of the letters, motions, and billing records between June 8, 2012, and June
15 14, 2013, shows that very little time was dedicated solely to the 1,700+ products. The
16 deficiencies in the original infringement contentions were universal, and, for the most part,
17 defendants addressed those deficiencies en masse. Certain time entries can be linked to the
18 1,700+ products, however, such as efforts to identify and review third-party games and an initial
19 analysis regarding a potential summary judgment motion regarding the older games. In addition,
20 time dedicated to certain tasks, such as reviewing the contentions and revising initial disclosures
21 to account for all accused products, was undoubtedly increased by the addition of 1,700+ games.
22 Having reviewed the time entries related to the infringement contentions, the Court finds that
23 10% of the requested fees (\$33,412.75) is properly attributable to plaintiff's unsupported and
24

25 ⁴ With regards to the products that were in plaintiff's possession, defendants have shown only
26 that plaintiff's infringement theories were amended as the patent claims were construed and were
ultimately rejected. Neither fact establishes bad faith or an exceptional case.

unnecessary expansion of the litigation.⁵

For all of the foregoing reasons, defendants' motion for attorney's fees is GRANTED in part. Plaintiff shall pay to defendants attorneys fees in the amount of \$33,412.75 within fourteen days of the date of this Order.

Dated this 9th day of March, 2015.



Robert S. Lasnik
United States District Judge

⁵ Plaintiff's only challenge to the reasonableness of the fees charged in this litigation is based on the fact that the overall amount billed exceeds the median amount charged for this type of litigation according to the 2013 AIPLA Report of the Economic Survey. Dkt. # 634 at 12. Plaintiff does not address the reasonableness of the number of hours spent correcting deficiencies in the infringement contentions or dealing with the explosion of accused products. While there is no doubt that the case was heavily staffed on defendants' side, the Court finds that the hourly rate and the number of hours spent addressing the 1,700+ games that were added to the litigation in June 2012 were reasonable.